

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----301207Z 080635 /44

O R 301147Z APR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 3301  
INFO AMEMBASSY TOKYO

S E C R E T SECTION 01 OF 02 LONDON 07093

EXDIS

E.O. 11652: XGDS-1  
TAGS: PARM TECH MNUC JA  
SUBJECT: BILATERAL NUCLEAR SUPPLIERS CONSULTATIONS WITH  
JAPAN, APRIL 27' 1977

1. JAPANESE DEL HEADED BY KOBAYASHI OPENED MEETING WITH STATEMENT HE WAS INSTRUCTED TO MAKE EMPHASIZING NECESSITY FOR JAPAN TO DEVELOP NUCLEAR POWER FOR PEACEFUL PURPOSES TO SUSTAIN ECONOMIC GROWTH. HE INDICATED THIS NECESSITY WILL BE RAISED IN BILATERALS AT THE ECONOMIC SUMMIT, POINTING OUT THAT A JAPANESE FULL FUEL CYCLE IS AN INDISPENSABLE PART OF THEIR NUCLEAR PROGRAM FOR PEACEFUL PURPOSES WHICH IN TURN IS ESSENTIAL TO THEIR BEING ABLE TO PLAY EXPECTED ROLE IN WORLD ECONOMIC ORDER. KOBAYASHI INDICATED THEY WERE ENCOURAGED BY PRESIDENTIAL STATEMENT AT APRIL 7 PRESS CONFERENCE WHICH RECOGNIZED NECESSITY FOR CERTAIN COUNTRIES TO REPROCESS. BUT HE EXPRESSED DEEP DISAPPOINTMENT OVER SUBSEQUENT EXPLANATION THAT THIS DID NOT MEAN THAT U.S. WOULD CONSENT TO REPROCESSING OF U.S.-SUPPLIED FUEL IN JAPAN.

2. JAPANESE DEL ASKED WHETHER U.S. WOULD TREAT JAPAN AS A MAJOR ALLY AND PARTNER IN GLOBAL ECONOMIC AND POLITICAL AFFAIRS, OR LIKE PAKISTAN, BRAZIL. ARGENTINA, KENYA AND

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EVEN UGANDA? HE IMPORED US TO BE CONSISTENT. IF JAPAN WERE NOT ALLOWED TO PROCEED WITH REPROCESSING HE SAID THERE WOULD BE BITTER RESENTMENT AMONG JAPANESE PEOPLE, GRAVE DIFFICULTIES IN DIET EFFORTS TO GET IAEA SAFEGUARDS AGREEMENT APPROVED, QUESTIONS REGARDING VALUE OF NPT ADHERENCE AND CONTINUING CREDIBILITY OF NPT, AND A SERIOUS PROBLEM OF DE FACTO DISCRIMINATION AGAINST JAPAN IN

FAVOR OF EUROPEAN COUNTRIES, WHICH COULD DO HARM TO OUR TRADITIONALLY COOPERATIVE RELATIONSHIP AND TO FAR EAST STABILITY.

3. NYE REPLIED THAT HE WOULD REPORT GOJ VIEWS FAITHFULLY AND ELABORATED ON THE APRIL 7 PRESIDENTIAL STATEMENT. HE REPEATED U.S. POSITION SUPPORTING CURRENT GENERATION NUCLEAR REACTORS, BUT STRESSING IMPORTANCE OF EXAMINING ALTERNATIVE TECHNOLOGIES BEFORE PROCEEDING WITH PLUTONIUM ECONOMY.

4. JAPANESE DEL WAS INFORMED CURRENT BILATERAL DIFFICULTIES REGARDING TOKAI WERE OCCASIONED BY ARTICLE 8(C) OF AGREEMENT OF COOPERATION. WHICH REQUIRED US EITHER TO GIVE OR REFUSE CONSENT TO AN ACTIVITY THAT WE WERE NOT PERMITTING IN THE U.S. IN SPITE OF THIS PROVISION, PRESIDENTIAL STATEMENT SHOWED U.S. COGNIZANCE OF JAPANESE ENERGY NEEDS. THE SMALL QUANTITIES OF URANIUM RECYCLED THROUGH TOKAI WOULD BE INSIGNIFICANT RELATIVE TO TOTAL JAPANESE ENERGY REQUIREMENTS.

5. NYE REASSURED JAPANESE DEL THAT U.S. VIEWED JAPAN AS A MAJOR ECONOMIC POWER AND HAD NO DESIRE TO RESTRICT THEIR ENERGY NEEDS. HE EXPLAINED JAPANESE ROLE IN INFCEP WOULD BE WITHOUT PREJUDICE TO SOLUTION ON TOKAI ISSUE.

6. THORNE (ERDA) EXPLAINED BUDGET STEPS BEING TAKEN TO IMPLEMENT U.S. NON-PROLIFERATION OBJECTIVES. A COMPRE-  
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HENSIVE PROGRAM INVOLVING 750 MILLION DOLLARS WITH FALL 1978 TARGET DATE IDENTIFIES NUCLEAR POWER OPTIONS AND ALTERNATIVES WITH LOWER PROLIFERATION RISKS. STUDIES WOULD INCLUDE ASSESSMENT OF URANIUM AND THORIUM RESERVES AVAILABILITY.

7. JAPANESE SHOWED CONCERN THAT INFCEP WOULD A PRIORI EXCLUDE REPROCESSING AND PREJUDGE CONCLUSION OF STUDIES. A STUDY OVER 3 OR 4 YEARS THAT DID NOT PRODUCE AN ACCEPTABLE SOLUTION WOULD PLACE JAPAN IN A DIFFICULT POSITION. NYE ACKNOWLEDGED U.S. INTENT TO INCLUDE EVALUATION OF REPROCESSING AND THAT U.S. DOES NOT PREJUDGE STUDY OUTCOMES. JAPANESE REPLIED THAT ECONOMIC AND ENVIRONMENTAL ASPECTS OF REPROCESSING WERE DOMESTIC PROBLEMS AND THAT THEY WERE FAIRLY CERTAIN THAT REPROCESSING COULD BE SAFEGUARDED.

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TO SECSTATE WASHDC IMMEDIATE 3302  
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8. WHEN ASKED, KOBAYASHI REPLIED THAT JAPAN COULD GO ALONG WITH U.S. ON ARTICLE 14 (SANCTIONS). THEY WERE RELUCTANT TO MAKE ARTICLE 9 (RE CONSENT TO REPROCESSING) MANDATORY BUT WOULD NOT BLOCK CONSENSUS ON THIS. ON ARTICLE 4 (FULL SCOPE SAFEGUARDS), THEY STATED THAT REQUIREMENT TO MEET SAFEGUARDS DURATION REQUIREMENTS OF GOV 1621 CAUSED SOME PROBLEMS WHEN EXPORTING SMALL PARTS FOR COUNTRIES ALREADY POSSESSING REACTORS.

9. NYE PROVIDED EXPLANATION OF PRESIDENTIAL DECISION TO ISSUE MB-10S ON A CASE-BY-CASE BASIS BASED ON DEMONSTRATED NEED, FOR EXAMPLE CONGESTED STORAGE AT REACTOR SITES. YAMAMOTO SUBSEQUENTLY CALLED U.S. DEL'S ATTENTION TO THE REQUIREMENT FOR JAPANESE UTILITIES TO MAKE A FIVE PERCENT DEPOSIT BY THE END OF AUGUST IN ORDER TO CONFIRM CONTRACT TO BE NEGOTIATED BY END OF MAY FOR REPROCESSING IN UK AND FRENCH FACILITIES BEGINNING IN 1982/3. HE SUGGESTED THAT WE AGREE TO DISCUSS THE EXTENT OF NEED FOR MB-10 COVERING FUEL ENVISIONED UNDER CONTRACT WELL BEFORE MID-AUGUST DEADLINE FOR GOJ DECISION ON COMMERCIAL REPROCESSING CONTRACT, PREFERABLY IN THE COURSE OF FOLLOW-ON TOKAI CONSULTATIONS BEGINNING IN MAY.

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